

Mansmann Foundation
D.B.A. Entrepreneurs Forever

Financial Statements

Years Ended December 31, 2024 and 2023
with Independent Auditor's Report

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MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

**Board of Directors
Mansmann Foundation D.B.A. Entrepreneurs Forever**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mansmann Foundation (Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Financial Strategy

As discussed in Note 8 to the financial statements, the Foundation has reported material decreases in net assets for each of the years ended December 31, 2024 and 2023. The Foundation's financial strategy for 2024 and 2025 is discussed in detail in Note 8. This note also describes the formal co-sponsorship agreement entered into with the Small Business Administration in March 2026. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Pittsburgh, Pennsylvania
MONTH XX, 2026

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MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 204,530	\$ 298,289
Grants receivable	245,000	400,000
Accounts receivable	44,263	395,188
Prepaid expenses	9,740	8,721
Investments	305,111	1,644,364
Operating lease right-of-use asset	-	128,587
Capital assets, net	591,456	697,491
Total Assets	\$ 1,400,100	\$ 3,572,640
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 75,693	\$ 58,560
Accrued payroll	92,745	113,280
Deferred revenue	36,571	127,334
Refundable advance	213,031	758,330
Operating lease liability	-	131,689
Total Liabilities	418,040	1,189,193
Net Assets:		
Without donor restrictions	857,060	1,594,402
With donor restrictions	125,000	789,045
Total Net Assets	982,060	2,383,447
Total Liabilities and Net Assets	\$ 1,400,100	\$ 3,572,640

See accompanying notes to financial statements.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Net Assets Without Donor Restrictions:		
Income:		
Interest and dividends	\$ 55,488	\$ 91,441
Realized gain (loss) on sale of investments	-	11,455
Unrealized gain (loss) on investments	-	92,710
Federal grants	665,299	411,670
Contributions	85,000	100,500
Program revenue	188,851	928,055
Miscellaneous income	3,174	2,988
Net assets released from restrictions	914,045	268,830
Total income	1,911,857	1,907,649
Expenses:		
Program expenses	1,832,171	2,132,934
Management and general expenses	462,719	1,165,491
Fundraising expenses	354,309	-
Total expenses	2,649,199	3,298,425
Change in Net Assets Without Donor Restrictions	(737,342)	(1,390,776)
Net Assets With Donor Restrictions:		
Contributions	250,000	800,000
Net assets released from restrictions	(914,045)	(268,830)
Change in Net Assets With Donor Restrictions	(664,045)	531,170
Change in Net Assets	(1,401,387)	(859,606)
Net Assets:		
Beginning of year	2,383,447	3,243,053
End of year	\$ 982,060	\$ 2,383,447

See accompanying notes to financial statements.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions			Total
	Program Expenses	Management and General Expenses	Fundraising	
Expenses:				
Salaries and benefits	\$ 832,763	\$ 245,833	\$ 183,680	\$ 1,262,276
Contracted services	639,897	62,445	156,641	858,983
Administration	95,921	63,637	5,896	165,454
Occupancy	449	46,629	-	47,078
Program expenses	21,945	471	942	23,358
Outreach	13,910	506	952	15,368
Travel and meetings	31,612	15,962	6,198	53,772
Depreciation	195,674	19,225	-	214,899
Other	-	8,011	-	8,011
Total	\$ 1,832,171	\$ 462,719	\$ 354,309	\$ 2,649,199

See accompanying notes to financial statements.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

Expenses:	Without Donor Restrictions			
	Program Expenses	Management and General Expenses	Fundraising	Total
Salaries and benefits	\$ 1,273,726	\$ 637,147	\$ -	\$ 1,910,873
Contracted services	392,643	279,674	-	672,317
Administration	8,794	151,330	-	160,124
Occupancy	11,554	46,214	-	57,768
Program expenses	38,367	-	-	38,367
Outreach	153,537	-	-	153,537
Travel and meetings	80,379	31,901	-	112,280
Depreciation	173,934	19,225	-	193,159
Other	-	-	-	-
Total	\$ 2,132,934	\$ 1,165,491	\$ -	\$ 3,298,425

See accompanying notes to financial statements.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,401,387)	\$ (859,606)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	214,899	193,159
Loss on disposal of capital assets	8,011	-
Reduction in the carrying amount of rights-of-use assets - operating leases	128,587	43,510
Net realized (gain) loss on investments	-	(11,455)
Net unrealized loss (gain) on investments	-	(92,710)
Change in:		
Grants and accounts receivables	505,925	(695,588)
Prepaid expenses	(1,019)	8,143
Accounts payable and accrued liabilities	17,133	(349,330)
Accrued payroll	(20,535)	(42,215)
Deferred revenue	(90,763)	(315,166)
Refundable advance	(545,299)	758,330
Operating lease liability	(131,689)	(42,853)
Net cash provided by (used in) operating activities	(1,316,137)	(1,405,781)
Cash Flows From Investing Activities:		
Purchase of capital assets	(116,875)	(96,653)
Proceeds from dispositions of investments	1,339,253	3,771,468
Purchases of investments	-	(2,553,174)
Net cash provided by (used in) investing activities	1,222,378	1,121,641
Net Increase (Decrease) in Cash and Cash Equivalents	(93,759)	(284,140)
Cash and Cash Equivalents:		
Beginning of year	298,289	582,429
End of year	\$ 204,530	\$ 298,289

See accompanying notes to financial statements.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Organization

Since its inception in 2014, the Mansmann Foundation has existed for the sole purpose of providing long-term educational support and development to growth ready small business owners, in particular, those business owners who have been historically underserved, including minority and women business owners, rural business owners, business owners in communities impacted by the loss of industry including textile, steel, and coal impacted communities.

The primary mission of the Foundation is to help entrepreneurs and small business owners grow their businesses to become family-sustaining and community-supporting businesses. To that end, the Foundation has created the only peer-learning program of its kind in the US, focused specifically on businesses with less than \$1 million in revenue. This flagship program, Entrepreneurs Forever, engages small business owners over at least three years, providing them with the long-term skills and people they need to overcome the challenges that prevent their businesses from growing. To date, the Entrepreneurs Forever program has served nearly 1,000 small business owners in dozens of peer learning groups across Pennsylvania, Massachusetts, New York, and Rhode Island, helping them to increase their business success, better support their families, and hire additional workers. The Foundation is actively working to expand its program to additional US states.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The assets, liabilities, and net assets of the Foundation are reported in two net asset classes as follows:

Net assets without donor restrictions - accounts for unrestricted resources, which are not subject to restrictions imposed by contributors or grantors.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Net assets with donor restrictions - accounts for assets whose use is limited by stipulations imposed by contributors or grantors until those stipulations are fulfilled and removed by the Foundation's actions. Such donor-imposed restrictions are temporary in nature. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are to be maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. The Foundation does not currently have net assets with donor restrictions to be held in perpetuity for the years ended December 31, 2024 and 2023.

Revenue and Revenue Recognition

Contributions

The Foundation recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation received a conditional contribution during the year ended December 31, 2023 in the amount of \$1,170,000. The contribution delineates certain measurable outcomes that must be achieved; as conditions are met, the contributions are recognized within the statement of activities. As such, during the years ended December 31, 2024 and 2023, \$213,031 and \$758,330, respectively, of contributed funds received for which conditions have not yet been met are recognized in the statements of financial position as a refundable advance.

A portion of the Foundation's revenue is derived from other cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. The Foundation had remaining available award balances on federal grants and contracts for sponsored projects of \$110,342 and \$0 that have not been recognized at December 31, 2024 and 2023, respectively. These award balances will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred. There were no amounts received prior to incurring qualifying expenditures for these types of contracts and grants.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Revenue from Contracts with Customers

Program revenues are considered to be revenue from contracts with customers. The contracts are fee-for-service contracts under which the Foundation conducts some peer groups in the greater Pittsburgh area, Rhode Island, New York, and various communities in Massachusetts. Contracts are billed on an annual basis at the start date of services to the given community. Services are provided over the 12-month life of the contract. The performance obligation of conducting peer groups services is simultaneously received and consumed by the participants, and therefore, revenue is recognized as the performance obligation is satisfied. The Foundation does not believe it is required to provide additional services related to revenue being recognized.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The Foundation maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Foundation does not believe it is exposed to any significant credit risk related to cash and equivalents.

Accounts Receivable

Receivables from contracts with customers are primarily the amounts reflected as receivables in the accompanying statements of financial position. For the year ended December 31, 2024, beginning of the year accounts receivable was \$395,188 and end of the year accounts receivable was \$44,263. For the year ended December 31, 2023, beginning of the year accounts receivable was \$0 and end of the year accounts receivable was \$395,188. Management has considered factors impacting the need for an allowance given historical experience and current conditions, as well as reasonable and supportable forecasts, and has determined that any allowance computed would be immaterial to the financial statements at December 31, 2024 and 2023.

Investments

The Foundation reports investments in money market securities. The fair value for publicly traded investments is based upon stated market values.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Capital Assets

Capital assets, including intangible capital assets related to software, that have a useful life of over one year and meet or exceed the threshold of \$5,000 are capitalized and recorded at cost. Capital assets are depreciated using the straight-line method over the estimated useful lives of the depreciable assets.

Leases

The Foundation leased office space through September 2024 after which time an agreement for coworking space was executed. There was no termination payment required upon the conclusion of the lease. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present values of lease payments over the lease term. As the Foundation's lease when active did not provide an implicit rate, the risk-free Treasury rate was used, which was based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also included any prepaid or accrued rent and excludes lease incentives. Operating lease expense was recognized on a straight-line basis over the lease term. The Foundation's lease term may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. The Foundation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The Foundation's lease agreement did not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if they have obtained substantially all of the rights to the underlying assets through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

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Deferred Revenue

Deferred revenue includes amounts that have been received in advance of those contracted amounts being earned. When the related performance obligations are met, these contract liabilities will become recognized as income as they would be earned by the Foundation and will no longer be included in deferred revenue. Deferred revenue changed from December 31, 2023 (\$127,334) to December 31, 2024 (\$36,571) due to cash received during the year for services not yet performed less the recognition of the beginning of the year deferred revenue as revenue. Deferred revenue changed from December 31, 2022 (\$442,500) to December 31, 2023 (\$127,334) due to cash received during the year that was not yet earned less the recognition of the beginning of the year deferred revenue as revenue.

Expense Allocation

Expenses directly related to a specific program are charged to that program. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Allocation is based on the estimated time and effort spent related to each function.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties, and such differences may be material.

Risks and Uncertainties

Financial instruments, which potentially expose the Foundation to concentrations of credit risk, include cash and money market securities. As a matter of policy, the Foundation maintains cash balances only with financial institutions having a high credit quality.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Income Taxes

At inception, the Foundation qualified as a private, operating foundation under Section 4942(j)(3) of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2022, the Foundation filed a Form 8940 to begin the 5-year process to terminate its private foundation status and become a public charity, which the IRS accepted. Therefore, for the 60-month termination period, being January 1, 2023, the IRS will treat the Foundation as a public charity and will confirm that status at the end of termination period. During the termination period, the Foundation is required to continue to file a Form 990-PF.

In addition, the Foundation is obligated to pay income taxes on its unrelated business income, if any. Further, the Foundation annually files a Form 990PF and, as needed, a Form 990T. The Foundation determined that no Form 990-T was required for the years ended December 31, 2024 and 2023.

Related Party Transactions

The Foundation utilizes services for technology platform building from a tech company who employs one of the members of the Foundation's Board of Directors (Board). The Board member is not the point of contact for the Foundation's platform project, the tech company was not determined to be a disqualified person for the Foundation. The Foundation considered the transaction to have been executed at arms-length.

Additionally, the foundation receives funding for certain peer groups from an Organization that employs one of the members of the Foundation's Board. The Board member is not the point of contact for this agreement. The Foundation considers the transaction to have been executed at arms-length.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," is effective for fiscal years beginning after December 15, 2025 for entities other than public

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

business entities. The amendments in this update improve tax related disclosures primarily related to the rate reconciliation and income taxes paid information.

Reclassification

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Cash and Investments

As of December 31, 2024, the Foundation held cash and cash equivalents with a bank and book balance of \$204,530 and \$204,530, respectively. The entirety of the bank balance was on deposit with banking institutions and covered under FDIC insurance. Management has no concerns regarding the solvency of the financial institutions involved.

As of December 31, 2023, the Foundation held cash and cash equivalents with a bank and book balance of \$298,289 and \$298,289, respectively. \$250,000 of the bank balance was on deposit with banking institutions and covered under FDIC insurance. The remaining balance of \$48,289 is not covered under FDIC insurance.

The Foundation held Short-term money market securities in the amount of \$305,111 and \$1,644,364 as of December 31, 2024 and 2023, respectively. These mutual funds are all considered to be Level one within the fair value hierarchy.

Determination of Fair Value

The Foundation reports investments at fair value in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value measurement standards also require the organization to classify these financial instruments into a three-level hierarchy, based upon priority of inputs to the valuation technique.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments determined by reference to quoted prices for similar investments in active markets are classified within Level 2. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

4. Capital Assets

Capital assets consist of the following as of December 31, 2024 and 2023:

	2024	2023
Computer equipment and software	\$ 908,510	\$ 861,635
Leasehold improvements	-	57,677
Software work in progress	70,000	-
Total capital assets	978,510	919,312
Less: accumulated depreciation	(387,054)	(221,821)
	<u>\$ 591,456</u>	<u>\$ 697,491</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$214,899 and \$193,159, respectively.

5. Leases

The Foundation evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free Treasury rate in lieu of its incremental borrowing rate to discount future lease payments when the contract does not disclose a contract rate. The Foundation's operating lease consisted of a real estate lease for office space through September 30, 2024.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Other information related to the lease was as follows:

	<u>2024</u>	<u>2023</u>
Supplemental Cash Flows Information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 33,930	\$ 44,635
Weighted average remaining lease term:		
Operating leases	N/A	2.92 years
Weighted average discount rate:		
Operating leases	0.00%	1.15%

6. Net Assets

Net assets with donor restrictions with a time or purpose restriction of \$125,000 and \$789,045 at December 31, 2024 and December 31, 2023, respectively, are available to be used for a specific time period or to accomplish donor-designated specific projects that support program expansion in Allegheny and Westmoreland Counties. Net assets with donor restrictions with time and purpose restrictions were released from restrictions in the amount of \$914,045 and \$268,830 at December 31, 2024 and December 31, 2023, respectively.

7. Liquidity and Availability

As discussed more fully in Note 8, the Foundation is focusing on soliciting grants to obtain its liquid resources. The Foundation has been reclassified as a public charity and is in the 60-month private foundation termination phase.

Financial assets (cash, receivables, and investments) available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, total \$460,873 and \$1,190,466 for the years ended December 31, 2024 and 2023, respectively.

MANSMANN FOUNDATION D.B.A. ENTREPRENEURS FOREVER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

8. Financial Strategy

For the years ended December 31, 2024 and 2023, the Foundation reported decreases in net assets of \$(1,401,387) and \$(859,606), respectively. These results largely reflect an intentional, donor-directed spend-down of founder and other restricted investments used to build and validate a scalable, national entrepreneurial peer-learning model and its supporting digital platform. Through these investments, the Foundation has developed a unique programmatic capability and supporting data infrastructure to measure and demonstrate outcomes (including revenue growth, hiring, and wealth creation) and to support expansion beyond its initial geography. Accordingly, the reported deficits through 2024 are not solely attributable to underperformance in fundraising, but to planned investment and the timing of revenue recognition and funding cycles.

Subsequent to December 31, 2024, the Foundation experienced variability in cash flows during 2025 that was driven primarily by the timing of anticipated federal reimbursements and grant disbursements, including delays in expected funding early in the year. During this period, the Foundation was also actively engaged in the design and negotiation of a national-scale co-sponsorship program with the U.S. Small Business Administration (SBA), with formal discussions intensifying during the latter half of 2025.

In response to both the completion of recruitment activities associated with a prior federally directed project and the ongoing negotiation process with the SBA, in 2025 management implemented targeted cost-containment measures when appropriate (including temporary reductions in certain discretionary expenses) while preserving core program infrastructure and continuing to advance funding opportunities.

SBA negotiations were substantially completed in February 2026, with the co-sponsorship agreement formally executed in March 2026. Under this model, program implementation is supported by third-party corporate co-sponsors, with SBA providing a national coordination, convening, and programmatic support role consistent with its co-sponsorship authority. This structure reflects the culmination of a multi-year development and validation period and establishes a defined framework for scaling the program nationally.

Management, in coordination with SBA, is currently advancing discussions with prospective corporate co-sponsors and expects initial funding receipts to commence in mid-2026. While short-term liquidity remains sensitive to the timing of these receipts, management has developed operating plans and financing strategies, including short-term working capital facilities, to bridge this timing gap. Based on these developments, management believes the

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Foundation is positioned to transition from a development-stage organization to a structured, multi-year national program supported by diversified funding sources.

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